

2011 DRAFTING REQUEST

Bill

Received: **01/13/2011**

Received By: **btradewe**

Wanted: **As time permits**

Companion to LRB:

For: **Administration-Budget**

By/Representing: **Steinmetz**

May Contact:

Drafter: **rkite**

Subject: **Environment - water quality**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Steinmetz, BB0225 -

Topic:

Environmental improvement fund funding and clean water fund program changes

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	btradewe 01/14/2011			_____			S&L
/1	rkite 01/18/2011	nnatzke 01/19/2011	rschluet 01/19/2011	_____	mbarman 01/19/2011		S&L
/2	rkite 01/21/2011	nnatzke 01/25/2011	mduchek 01/26/2011	_____	mbarman 01/26/2011		S&L
/3	rkite 01/27/2011	nnatzke 02/01/2011	rschluet 02/03/2011	_____	sbasford 02/03/2011		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

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/2	rkite 01/21/2011	nnatzke 01/25/2011 /3 nwn 2/1	mduchek 01/26/2011		mbarman 01/26/2011		

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[Handwritten signatures and initials: "PH", "2/3", "nwn", "2/1"]

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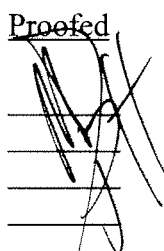
Topic:

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1/?	btradewe 01/14/2011 rkite	/ nwn 1/1/18					S&L

FE Sent For:

<END>

Tradewell, Becky

From: Hanaman, Cathlene
Sent: Thursday, January 13, 2011 2:15 PM
To: Tradewell, Becky
Subject: FW: Statutory Language Drafting Request

From: DOADLBASADMININTERNETSHAREPOINT@WI.GOV
[mailto:DOADLBASADMININTERNETSHAREPOINT@WI.GOV]
Sent: Thursday, January 13, 2011 2:01 PM
To: Hanaman, Cathlene
Cc: Hetzel, Shayna - DOA; Thornton, Scott - DOA; Steinmetz, Jana D - DOA; Steinmetz, Jana D - DOA
Subject: Statutory Language Drafting Request

Topic: Environmental Improvement Fund

Tracking Code: BB0225

SBO Team: AEJ

SBO Analyst: Steinmetz, Jana D - DOA
Phone: (608) 266-2081
E-mail: Jana.Steinmetz@Wisconsin.gov

Agency Acronym: EIF

Agency Number: 320

Priority: High

Intent:

Drafting instructions for modifications to 281.58 and 281.59 for '11-'13 budget bill
Environmental Improvement Fund - Clean Water Fund Program

Draft of 1/13/11

- ✓ 1. Increase the interest rate for all clean water fund program loans except septage facility loans, financial hardship assistance projects, and projects currently eligible to receive only market-rate loans, to 80% of market (s. 281.58 (12)(a) 1+2+3).

- ✓ 2. Decrease the amount of present-value subsidy allocated for hardship projects from 15 % of clean water fund program subsidy under s 281.59 (3e) to 5%. Increase the amount of present-value subsidy available for financial assistance other than financial hardship assistance under 281.59 (3e)(d) to 95%.

1/13/2011

- ✓ 3. Present value subsidy under 281.59 (3e)(b) to be \$54,400,000.
- ✓ 4. Revenue obligations under 281.59 (4)(f) to be increased \$353,000,000 to \$2,716,300,000 (per biennial finance plan).
- ✓ 5. General obligation authority for clean water fund program under 20.866 (2)(tc) to remain unchanged.
- 6. Other statutory changes as described in the 2011-2013 biennial finance plan (i.e., no additional changes to safe drinking water loan program).

Attachments: False

Kite, Robin

From: Tradewell, Becky
Sent: Tuesday, January 18, 2011 2:32 PM
To: Kite, Robin
Subject: FW: 2011-2013 Biennial Finance Plan

From: Wolff, Michael - DOA [mailto:michael.wolff@wisconsin.gov]
Sent: Tuesday, January 18, 2011 2:30 PM
To: Tradewell, Becky
Cc: Steinmetz, Jana D - DOA; Stinebrink, Cory R - DOA
Subject: RE: 2011-2013 Biennial Finance Plan

Becky – We probably also need to handle the effective date of the changes to interest rates under the CWF. I think the way it was done in the 09-11 budget [281.58(12)] will work again.

Thanks,

Michael

From: Tradewell, Becky [mailto:Becky.Tradewell@legis.wisconsin.gov]
Sent: Thursday, January 13, 2011 3:38 PM
To: Wolff, Michael - DOA
Subject: RE: 2011-2013 Biennial Finance Plan

Thanks. I was just a bit confused by Jana's instructions.

From: Wolff, Michael - DOA [mailto:michael.wolff@wisconsin.gov]
Sent: Thursday, January 13, 2011 3:26 PM
To: Tradewell, Becky
Subject: RE: 2011-2013 Biennial Finance Plan

The drinking water loan program requests an additional \$14.1 million GO bond authorization, and \$30.7 million PV subsidy. Detail can be found on page 2 of attachment A.

mw

Michael D Wolff
608.267.2734 608.266.7645
michael.wolff@wi.gov

From: Tradewell, Becky [mailto:Becky.Tradewell@legis.wisconsin.gov]
Sent: Thursday, January 13, 2011 3:21 PM
To: Wolff, Michael - DOA
Subject: RE: 2011-2013 Biennial Finance Plan

Michael,

Thanks.

I'm not sure what the present value subsidy for the safe drinking water loan program is

1/21/2011

supposed to be and whether the GO bonding authority is supposed to be increased.

Becky

From: Wolff, Michael - DOA [mailto:michael.wolff@wisconsin.gov]
Sent: Thursday, January 13, 2011 3:00 PM
To: Tradewell, Becky
Cc: Steinmetz, Jana D - DOA
Subject: 2011-2013 Biennial Finance Plan

Becky – I guess I'm so self-absorbed that I assumed *everyone* had a copy of the BFP. We sent V.1 to the legislature late September. Sorry.

If you start working on this you may have questions. I'm out tomorrow, but in all 4 days next week. Or Jana may have answers.

Thanks,

Michael

Michael D Wolff
608.267.2734 608.266.7645
michael.wolff@wi.gov

From: Steinmetz, Jana D - DOA
Sent: Thursday, January 13, 2011 2:26 PM
To: Wolff, Michael - DOA
Subject: FW: Statutory Language Drafting Request

Does Becky not have a copy of the biennial finance plan? Do you have it electronically?

From: Tradewell, Becky [mailto:Becky.Tradewell@legis.wisconsin.gov]
Sent: Thursday, January 13, 2011 2:21 PM
To: Steinmetz, Jana D - DOA
Subject: FW: Statutory Language Drafting Request

Jana,

I'm a bit confused about the last item (# 6). Are there other statutory changes to the Clean Water Fund Program described in the biennial finance plan? If so, is there a copy of the plan you can send me or do you know where I can find it?

Thanks,
Becky

From: Hanaman, Cathlene
Sent: Thursday, January 13, 2011 2:15 PM
To: Tradewell, Becky
Subject: FW: Statutory Language Drafting Request

From: DOADLBASADMININTERNETSHAREPOINT@WI.GOV

1/21/2011

[mailto:DOADLBASADMININTERNETSHAREPOINT@WI.GOV]

Sent: Thursday, January 13, 2011 2:01 PM

To: Hanaman, Cathlene

Cc: Hetzel, Shayna - DOA; Thornton, Scott - DOA; Steinmetz, Jana D - DOA; Steinmetz, Jana D - DOA

Subject: Statutory Language Drafting Request

Topic: Environmental Improvement Fund

Tracking Code: BB0225

SBO Team: AEJ

SBO Analyst: Steinmetz, Jana D - DOA

Phone: (608) 266-2081

E-mail: Jana.Steinmetz@Wisconsin.gov

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Intent:

Drafting instructions for modifications to 281.58 and 281.59 for '11-'13 budget bill

Environmental Improvement Fund - Clean Water Fund Program

Draft of 1/13/11

1. Increase the interest rate for all clean water fund program loans except septage facility loans, financial hardship assistance projects, and projects currently eligible to receive only market-rate loans, to 80% of market (s. 281.58 (12)(a) 1+2+3).
2. Decrease the amount of present-value subsidy allocated for hardship projects from 15 % of clean water fund program subsidy under s 281.59 (3e) to 5%. Increase the amount of present-value subsidy available for financial assistance other than financial hardship assistance under 281.59 (3e)(d) to 95%.
3. Present value subsidy under 281.59 (3e)(b) to be \$54,400,000.
4. Revenue obligations under 281.59 (4)(f) to be increased \$353,000,000 to \$2,716,300,000 (per biennial finance plan).
5. General obligation authority for clean water fund program under 20.866 (2)(tc) to remain unchanged.

1/21/2011

6. Other statutory changes as described in the 2011-2013 biennial finance plan (i.e., no additional changes to safe drinking water loan program).

Attachments: False

Kite, Robin

From: Tradewell, Becky
Sent: Wednesday, January 19, 2011 9:40 AM
To: Steinmetz, Jana D - DOA
Cc: Kite, Robin
Subject: RE: EIP draft
Jana,

Robin Kite is handling this draft. I am copying her in on this message.

Becky

From: Steinmetz, Jana D - DOA [mailto:Jana.Steinmetz@Wisconsin.gov]
Sent: Wednesday, January 19, 2011 9:37 AM
To: Tradewell, Becky
Cc: Stinebrink, Cory R - DOA
Subject: EIP draft

Becky,

The GO increase for Safe Drinking Water should be \$9.4 million, not the \$14.1 million identified in the biennial finance plan. Let me know if you have any questions or concerns.

Thanks,
Jana

1/21/2011

Kite, Robin

From: Steinmetz, Jana D - DOA [Jana.Steinmetz@Wisconsin.gov]

Sent: Thursday, January 20, 2011 4:44 PM

To: Kite, Robin

Cc: Stinebrink, Cory R - DOA; Wolff, Michael - DOA

Subject: draft 1033/1

Robin,

A couple of comments on the EIF funding and CWF program changes draft:

- ✓ • The 2nd paragraph of the narrative refers to the current law interest rate as 55% of the market interest rate. The current law rate is actually 60%.
- ✓ • The 4th paragraph of the narrative refers to eligibility for financial hardship assistance and eligibility being based on median household income. The eligibility is based on median household income and user charges.
- ✓ • Section 2, the language that is being removed should be restored, and the biennial years updated, so that for a biennium before 2011-13, the rate is 60%, and the rate for the 2011-13 biennium or later is 80% (except the hardship and market rate exceptions).
- ✓ • Sections 3 and 4 should not be repealed as there are projects that will continue to be originated at the 65% and 70% rates through this calendar year.

Let me know if you have any questions or concerns.

Thanks,
Jana

1/21/2011

BIENNIAL FINANCE PLAN
ENVIRONMENTAL IMPROVEMENT FUND
FIRST VERSION
SEPTEMBER 29, 2010

Prepared by:

Department of Natural Resources
Bureau of Community Financial Assistance

Department of Administration
Capital Finance Office

ENVIRONMENTAL IMPROVEMENT FUND
BIENNIAL FINANCE PLAN
FIRST VERSION, SEPTEMBER 2010

EXECUTIVE SUMMARY

PROPOSED FUNDING LEVELS FOR THE ENVIRONMENTAL IMPROVEMENT FUND (EIF)

BONDING AUTHORITY AND PRESENT VALUE SUBSIDY LIMIT
(in millions of dollars)

	CHANGE IN AMOUNT	CUMULATIVE
A. CLEAN WATER FUND PROGRAM		
General Obligation Bonding	\$39.7*	\$816.8
Revenue Bonding	353.0	2,716.3
Present Value Subsidy	110.2	n/a
Bonding and present value subsidy levels are expected to be sufficient to meet all of the estimated non-hardship requests.		
B. SAFE DRINKING WATER LOAN PROGRAM		
General Obligation Bonding	\$14.1*	\$58.0
Present Value Subsidy	30.7	n/a
C. LAND RECYCLING LOAN PROGRAM		
Present Value Subsidy	\$0.0**	n/a

Notes:

*For the 2011-13 biennium, it is estimated that the Clean Water Fund Program and the Safe Drinking Water Loan Program will together require \$53.8 million of new general obligation bonding authority to fund \$776.9 million in new projects expected to apply during that period. The new authority requested, along with amounts expected to carry over from previous biennia, will provide amounts sufficient to fund the subsidies, reserves, federal capitalization grant matching amounts, and hardship grants for the biennium.

**All of the funds allocated to the Land Recycling Loan Program have been obligated.

The proposed funding levels of general obligation bonding, revenue bonding, and present value authority are based on estimates of future needs for funding. These estimates, and the associated funding levels, may change as more data becomes available and as the budget development process proceeds.

ENVIRONMENTAL IMPROVEMENT FUND
BIENNIAL FINANCE PLAN
FIRST VERSION, SEPTEMBER 2010

INTRODUCTION

Section 281.59(3), Wis. Stats., requires the submission of a Biennial Finance Plan for the Environmental Improvement Fund (EIF) to the Building Commission, the Joint Finance Committee, and to the Chief Clerk of each house of the legislature. The law requires that the Department of Natural Resources (DNR) and the Department of Administration (DOA) provide information on the following topics:

1. An estimate of the wastewater and storm water treatment, safe drinking water, and land recycling project needs, and the total amount of financial assistance planned to be provided or committed for projects during the four fiscal years of the next two biennia.
2. The extent to which the EIF will be maintained in perpetuity.
3. Financial statements, charts, and other financial information regarding the EIF.
4. The estimated present value of subsidies for program loans and grants listed in the biennial needs list with a discussion of the assumptions made in these subsidy calculations.
5. The amount and description of service fees to be charged.
6. The Biennial Finance Plan impact on the guideline stated in s. 281.59(3)(b), Wis. Stats.

Attachment A summarizes program authority levels and financial assumptions. Attachment B charts projected sources and uses of funds for the 2011-13 biennium. Attachment C shows the estimated fund capital available for commitments in each of the next four fiscal years based on projected repayment of financial assistance and other fund balance projections.

NEEDS AND FINANCIAL ASSISTANCE PLANNED TO BE PROVIDED

Clean Water Fund Program (CWFP)

Table 1 shows the projections of the total amount of all wastewater and storm water funding needs and the financial assistance planned to be provided over the next four fiscal years. These projections represent the best estimates as of September 7, 2010 based on DNR data, historical CWFP loan data, and surveys of DNR field staff and municipalities.

TABLE 1
PROJECTED WASTEWATER AND STORM WATER NEEDS AND ASSISTANCE PLANNED TO
BE PROVIDED
(in millions of \$s)

% of Market Interest Rate	FY12	FY13	FY14	FY15
60% Compliance Maintenance	523.3	96.5	229.0	121.1
65% Storm Water	5.7	0.0	0.0	0.0
70% Unsewered	3.8	1.7	1.1	3.1
Market Rate	28.0	5.2	12.1	6.6
TOTAL	560.8	103.4	242.2	130.8

ENVIRONMENTAL IMPROVEMENT FUND
BIENNIAL FINANCE PLAN
FIRST VERSION, SEPTEMBER 2010

Safe Drinking Water Loan Program (SDWLP)

Data from preliminary needs surveys and past application activity indicate that drinking water needs will exceed the amount of capitalization grants available in the next two biennia. Therefore, we show numbers for financial assistance planned to be provided. For the purposes of calculating assistance planned to be provided, we assume that the state receives \$23,400,000 in capitalization grants in each year.

Table 2 shows the amount of funds expected to be available during the biennium. The amounts include state match contributions (20% of capitalization grants), unused funds from previous years, repayments, and investment earnings.

TABLE 2
PROJECTED DRINKING WATER FINANCIAL ASSISTANCE PLANNED TO BE PROVIDED
(in millions of \$s)

% of Market Interest Rate	FY12	FY13	FY14	FY15
33%	11.9	7.8	8.0	8.1
55%	47.6	31.2	31.8	32.3
Principal Forgiveness	7.0	7.0	7.0	7.0
TOTAL*	66.6	46.1	46.7	47.4

*May not add due to rounding.

Land Recycling Loan Program (LRLP)

All of the funds allocated to the LRLP have been obligated.

TABLE 3
PROJECTED LAND RECYCLING FINANCIAL ASSISTANCE PLANNED TO BE PROVIDED
(in millions of \$s)

	FY12	FY13	FY14	FY15
TOTAL	0.0	0.0	0.0	0.0

FUND MAINTAINED IN PERPETUITY

The CWFP consists of three loan portfolios:

1. Leveraged Portfolio uses the proceeds from state revenue bonds to make loans;
2. Direct Portfolio uses capitalization grants from the US Environmental Protection Agency (EPA) and state matching funds (it is from this portfolio that the LRLP was funded); and
3. The Proprietary Portfolio for loans that do not fit under the leveraged or direct programs.

Some loans can only be funded in the proprietary portfolio because of questionable credit quality, non-conformity with EPA regulations, or federal tax requirements. The number and amount of loans maintained in the proprietary portfolio is kept to a minimum. The leveraged portfolio is designed so that loan repayments plus state subsidies are used to retire revenue bonds issued. The EPA-funded programs for the CWFP, the SDWLP, and the LRLP are self-perpetuating portfolios which will continue to grow as principal and interest payments are recycled into new loans. EPA regulations require that the EPA-funded programs be maintained in a way that guarantees that they will continue in perpetuity. The only way that the EPA-funded programs would diminish in size is if a substantial number of loan defaults occurred.

ENVIRONMENTAL IMPROVEMENT FUND
BIENNIAL FINANCE PLAN
FIRST VERSION, SEPTEMBER 2010

FINANCIAL REPORTS

Section 281.59(3)(a)5, Wis. Stats., requires the presentation of audited financial statements for the CWFP, the SDWLP, and the LRLP. Financial statements covering those programs, including the balance sheet and statement of revenues and expenses, are part of the overall program financial statements prepared by the DOA and audited by Baker Tilly Virchow Krause, LLP. These statements must be considered in their entirety and may not be presented without accompanying statements and notes. The most recent copies of the audited financial statements, together with the report of the accountants, are available from the DOA Capital Finance Office (608-267-2734) or the DNR Bureau of Community Financial Assistance (608-267-7475) or on the web at <http://www.doa.state.wi.us/capitalfinance/>.

Attachment A summarizes program authority levels and financial assumptions. Attachment B charts projected sources and uses of funds for the 2011-13 biennium. Attachment C shows the estimated fund capital available for commitments in each of the next four fiscal years based on projected repayment of financial assistance and other fund balance projections.

PRESENT VALUE OF SUBSIDIES

Table 4 provides estimates of the present value of long-term subsidy amounts that will be provided assuming the levels of assistance proposed in previous section of this report. Present value subsidy is the control mechanism that is employed under the EIF and the loan and grant programs operating within the Fund to measure the fiscal impact on the state. The stream of payments over the life (20 years) of all loans to municipalities that the state would have to make to finance the difference between the actual subsidized loan and a market rate loan is the total subsidy. The total subsidy over time is discounted to produce a present value equivalent figure. Each year's funding list identifies projects in priority order. If there is insufficient present value subsidy to provide subsidized loans to all municipalities on the list, only those projects with the highest priority would be funded with subsidized loans.

TABLE 4
PRESENT VALUE SUBSIDY LEVEL
ENVIRONMENTAL IMPROVEMENT FUND
(in millions of 2010 \$s)

CLEAN WATER FUND PROGRAM

Loans at 60% of market rate - compliance maint.	85.5
Loans at 65% of market rate - storm water	0.7
Loans at 70% of market rate - unsewered	0.6
Loans at market rate	0.0
Hardship grants and principal forgiveness	23.3
TOTAL	110.2*

SAFE DRINKING WATER LOAN PROGRAM

Loans at 33% of market rate	4.4
Loans at 55% of market rate	12.2
Loans receiving principal forgiveness	14.0
TOTAL	30.7*

*May not add due to rounding.

ENVIRONMENTAL IMPROVEMENT FUND
BIENNIAL FINANCE PLAN
FIRST VERSION, SEPTEMBER 2010

LRLP SERVICE FEE

Section 281.60(11m) specifies that the DNR and the DOA shall jointly charge and collect an annual service fee for servicing LRLP financial assistance agreements. The statute also specifies the fee for the biennium shall be described in the Biennial Finance Plan. The service fee for the 2011-13 biennium is 0.5% of the outstanding balance on LRLP loans.

IMPACT ON S. 281.59(3)(b), WIS. STATS., GUIDELINES:

The CWFP authorizing legislation rules that, in preparation of the Biennial Finance Plan, the DNR and the DOA shall consider as a guideline that all state water pollution general obligation debt service should not exceed 50% of all general obligation debt service costs of the state. The debt service costs for all state water pollution abatement programs were approximately 14.8% of all state debt service in fiscal 2010 and are expected to total 11.6% of all state debt service in fiscal 2011. As a percentage of total General Purpose Revenue debt service, these figures would be 16.3% and 13.1% respectively. Accordingly, the pollution abatement debt service costs are well within the 50% guideline. The composition of the debt service costs will change over time as the debt service expense of the CWFP replaces debt service for the expenses incurred under the Wisconsin Fund grant program.

The state cost of assisting municipalities in the construction of pollution control facilities will continue to be significantly less than that which was previously incurred to offer state grants for similar facilities.

STATE OF WISCONSIN
ENVIRONMENTAL IMPROVEMENT FUND
SUMMARY OF PROGRAM AUTHORITY AND FINANCIAL ASSUMPTIONS
PAGE 2 OF ATTACHMENT A TO 2011-2013 BIENNIAL FINANCE PLAN VERSION ONE

Safe Drinking Water Loan Program Authority

GENERAL OBLIGATION BONDS

Previously Authorized But Uncommitted G.O. Authority	480
Capitalization Grant Match for 2011-2013 EPA Grants	14,039,400
New G.O. Authority proposed (rounded)	14,100,000
Cumulative G.O. authority including proposed	\$59,500,000

PRESENT VALUE SUBSIDY

Proposed Present Value Subsidy 11-13 Biennial Limit (Loans)	16,600,000
Proposed PV for \$14 Million Principal Forgiveness	14,039,400
Total PV Needed for Loans & Principal Forgiveness (rounded)	\$30,700,000

Financial Assumptions

PROJECTS TO BE FUNDED

Projects for communities receiving 55% of market rate	\$78,930,789
Projects for communities receiving 33% of market rate	\$19,732,697
Projects receiving principal forgiveness	14,039,400
Total Project Costs	\$112,702,886

EPA CAP. GRANT + MATCH AVAILABLE FOR PROJECTS	\$49,669,290
OTHER FUNDS POTENTIALLY AVAILABLE	\$63,033,596
INTEREST RATES (at 5.0% assumed market rate)	
55% of 5% market interest rate (Regular Rate)	2.750%
33% of 5% market rate (Hardship Rate)	1.650%

Land Recycling Loan Program Authority (see note)

GENERAL OBLIGATION BONDS

None authorized nor recommended

PRESENT VALUE SUBSIDY

Proposed Present Value Subsidy Biennial Limit	\$0
---	-----

Financial Assumptions

PROJECTS TO BE FUNDED

Total Project Costs	\$0
---------------------	-----

INTEREST RATE ON NEW LOANS	n/a
-----------------------------------	-----

Note: All Land Recycling Loan Program funds have been obligated

STATE OF WISCONSIN
ENVIRONMENTAL IMPROVEMENT FUND
SUMMARY OF PROGRAM AUTHORITY AND FINANCIAL ASSUMPTIONS
ATTACHMENT A TO 2011-2013 BIENNIAL FINANCE PLAN VERSION ONE

Clean Water Fund Program Authority

GENERAL OBLIGATION BONDS

Subsidy Reserve Requirements	\$54,000,000
Capitalization Grant Match	14,000,000
Credit Reserve (funded with revenue bonds for '11-'13)	0
Direct Loans Less Available Repayments	(3,900,000)
Hardship Grants	16,500,000
Subtotal:	\$ 80,600,000
Less: Available General Obligation Bond Authority (carried over from '09-'11)	40,900,000
New General Obligation Bond Authority Needed to Fund '11-'13 needs	39,700,000
New General Obligation Bond Authority Recommended	39,700,000
Existing General Obligation Bond Authority	777,043,200
Cumulative General Obligation Bond Authority Including '11-'13 Request	\$ 816,743,200

REVENUE BONDS

Projects to be Funded	\$ 428,800,000
Allowance for Project Cost Increases, Reserves, and Costs of Issuance	42,900,000
Total:	471,700,000
Less: Carryover Projected from '09-'11	118,700,000
New Revenue Bond Authority Recommended	353,000,000
Existing Revenue Bond Authority	2,363,300,000
Cumulative Revenue Bond Authority Including '11-'13 Request	\$2,716,300,000

PRESENT VALUE SUBSIDY

Present Value Subsidy Biennial Limit Recommended	\$ 110,200,000
--	----------------

Financial Assumptions

PROJECTS TO BE FUNDED (from September 2010 DNR estimates)

Compliance Maintenance + New and Changed Limits	619,800,000
Nonpoint + Urban Stormwater Pollution Abatement	5,700,000
Unsewered	5,500,000
Market Rate	33,200,000
Total Project Costs	\$ 664,200,000

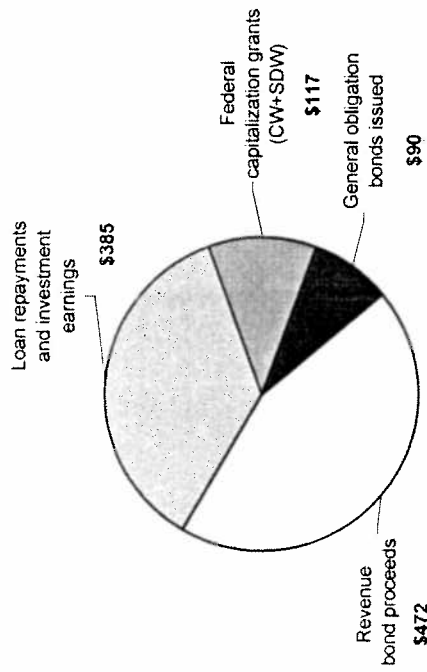
CAPITALIZATION GRANTS FROM THE US EPA (estimated)	\$ 70,000,000
--	----------------------

INTEREST RATES (at 5.0% estimated market rate)

Compliance Maint. and New/Changed Limits (60% of market)	3.000%
Urban Storm and Nonpoint Source (65% of market)	3.250%
Unsewered (70% of market)	3.500%

**STATE OF WISCONSIN
ENVIRONMENTAL IMPROVEMENT FUND
ESTIMATED SOURCES AND USES FOR 2011-2013 BIENNIUM
ATTACHMENT B TO 2011-2013 BIENNIAL FINANCE PLAN VERSION ONE**

Sources of Funds



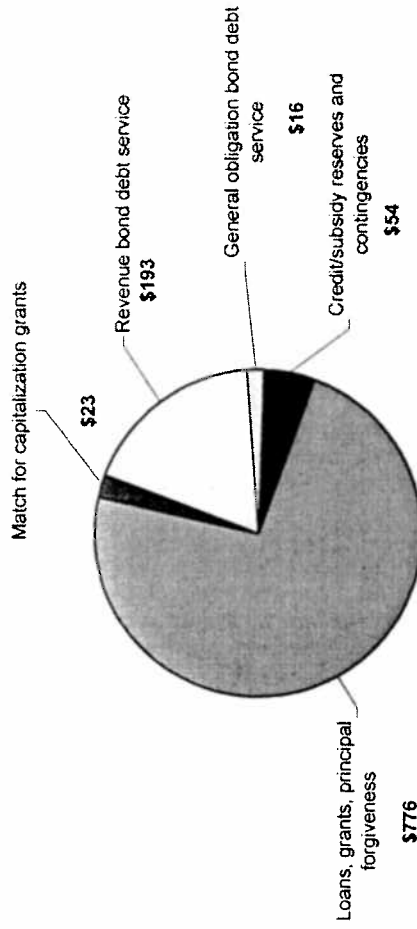
SOURCES OF FUNDS

Federal capitalization grants (CW+SDW)	\$117
General obligation bonds issued	90
Revenue bond net proceeds	472
Loan repayments and investment earnings	385
TOTAL SOURCES	\$1,063

Notes:

All numbers estimated and expressed in millions of dollars
 Loans and grants include projects originated during period indicated to end of funding cycle
 Assumptions regarding future interest rates for tax exempt bonds affect projections
 Does not include accruals or unapplied fund balances

Uses of Funds



USES OF FUNDS

Loans, grants, principal forgiveness	\$776
Match for capitalization grants	23
Revenue bond debt service	193
General obligation bond debt service	16
Credit/subsidy reserves and contingencies	54
TOTAL USES	\$1,063

STATE OF WISCONSIN
ENVIRONMENTAL IMPROVEMENT FUND
CAPITAL AVAILABLE AND PROJECTED FUND BALANCES
ATTACHMENT C TO THE 2011-2013 BIENNIAL FINANCE PLAN VERSION ONE

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Bond & Federal Grant Revenue (adjusted)</u>	<u>Loan Payments</u>	<u>Disbursements & Bond Payments</u>	<u>Ending Balance</u>	<u>Undisbursed Loan & Grant Commitments</u>	<u>Net Balance</u>
FY09*	397.4	166.7	184.7	(336.0)	412.8	240.7	172.1
FY10*	412.8	338.3 **	203.1	(418.3)	536.0	310.5	225.5
FY11	536.0	60.0	198.0	(393.2)	400.7	185.7	215.0
FY12	400.7	60.0	208.2	(320.5)	348.5	210.5	138.0
FY13	348.5	70.0	218.5	(340.7)	296.3	216.1	80.2
FY14	296.3	100.0	228.8	(349.0)	276.1	221.7	54.3
FY15	276.1	120.0	239.0	(357.3)	277.9	227.3	50.5
FY16	277.9	110.0	249.3	(365.5)	271.6	232.9	38.7
FY17	271.6	110.0	259.5	(373.8)	267.4	238.6	28.8
FY18	267.4	110.0	269.8	(382.1)	265.1	244.2	20.9
FY19	265.1	130.0	280.1	(390.4)	284.8	249.8	35.0
FY20	284.8	100.0	290.3	(398.6)	276.5	255.4	21.1
FY21	276.5	100.0	300.6	(406.9)	270.2	261.0	9.2
FY22	270.2	130.0	310.9	(415.2)	295.9	266.6	29.3
FY23	295.9	100.0	321.1	(423.5)	293.6	272.2	21.4
FY24	293.6	100.0	331.4	(431.7)	293.2	277.8	15.4
FY25	293.2	100.0	341.6	(440.0)	294.9	283.4	11.4
FY26	294.9	100.0	351.9	(448.3)	298.5	289.0	9.5
FY27	298.5	100.0	362.2	(456.6)	304.1	294.6	9.5
FY28	304.1	100.0	372.4	(464.8)	311.7	300.2	11.4
FY29	311.7	100.0	382.7	(473.1)	321.3	305.8	15.4
FY30	321.3	100.0	393.0	(481.4)	332.8	311.5	21.4

Notes: All numbers in millions

Beginning and net balances will vary significantly depending on timing of grant receipts and bond issuance

Report shows estimated capital available and fund balances; not assets and equity

For additional information refer to audited financial statements

* indicates actuals

** includes federal ARRA funds

OTHER RECIPIENTS OF ENVIRONMENTAL IMPROVEMENT FUND
BIENNIAL FINANCE PLAN FOR SEPTEMBER 2010

The Honorable Mark Miller
Co-Chair Joint Committee on Finance
Room 317 East
State Capitol

The Honorable Mark Pocan
Co-Chair Joint Committee on Finance
Room 309 East
State Capitol

Mr. David Helbach, Administrator
Division of State Facilities, DOA
7th Floor – 101 E. Wilson St.
Madison WI 53707

Mr. Robert J. Marchant
Senate Chief Clerk
Room B20 Southeast
State Capitol

Mr. Patrick E. Fuller
Assembly Chief Clerk
17 W. Main St., Room 401
Madison WI 53707

Kite, Robin

From: Tradewell, Becky
Sent: Wednesday, January 19, 2011 9:40 AM
To: Steinmetz, Jana D - DOA
Cc: Kite, Robin
Subject: RE: EIP draft

Jana,

Robin Kite is handling this draft. I am copying her in on this message.

Becky

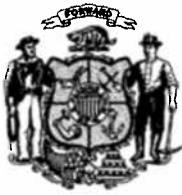
From: Steinmetz, Jana D - DOA [mailto:Jana.Steinmetz@Wisconsin.gov]
Sent: Wednesday, January 19, 2011 9:37 AM
To: Tradewell, Becky
Cc: Stinebrink, Cory R - DOA
Subject: EIP draft

Becky,

The GO increase for Safe Drinking Water should be \$9.4 million, not the \$14.1 million identified in the biennial finance plan. Let me know if you have any questions or concerns.

Thanks,
Jana

1/19/2011



(soon)
State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-1033/0

RN:.....

own

DOA:.....Steinmetz, BB0225 - Environmental improvement fund funding
and clean water fund program changes

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

SA ✓
X-ref ✓

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AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

Under the Clean Water Fund Program, this state provides financial assistance for projects for controlling water pollution, including sewage treatment plants. One form of financial assistance provided under the Clean Water Fund Program is a loan at a subsidized interest rate.

Under current law, the interest rate for projects that are necessary to prevent a municipality from exceeding a pollution limit in its wastewater discharge permit is 55 percent of the market interest rate, which is the interest rate on bonds issued by the state for the Clean Water Fund Program. The interest rate for projects for the treatment of nonpoint source pollution and urban storm water runoff is 65 percent of the market interest rate and the interest rate for projects for unsewered municipalities is 70 percent of the market interest rate. This bill changes the interest rate for all of these kinds of projects to 80 percent of the market interest rate.

The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the Clean Water Fund Program during that fiscal biennium. This bill sets the present value of the Clean Water Fund Program subsidies that may be provided during the 2011-13 biennium at \$54,400,000. no #

The bill also increases the revenue bonding authority for the Clean Water Fund Program by \$353,000,000.

Another form of financial assistance that this state provides under the Clean Water Fund Program is financial hardship assistance. A municipality is eligible for this type of assistance based on the median household income of the municipality. Current law limits the amount that this state may provide in the form of financial hardship assistance to 15 percent of the total Clean Water Fund Program present value subsidy in a fiscal biennium. This bill changes the percentage to 5 percent.

Under the Safe Drinking Water Loan Program, this state provides loans to local governmental units for projects for the construction or modification of public water systems. The loans are provided at subsidized interest rates. The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the Safe Drinking Water Loan Program during that fiscal biennium. This bill sets the present value of the Safe Drinking Water Loan Program subsidies that may be provided during the 2011-13 biennium at \$48,300,000. The bill also increases the general obligation bonding authority for the Safe Drinking Water Loan Program by \$14,100,000. ~~\$9,400,000~~

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.866 (2) (td) of the statutes is amended to read:

20.866 (2) (td) *Safe drinking water loan program.* From the capital improvement fund, a sum sufficient to be transferred to the environmental improvement fund for the safe drinking water loan program under s. 281.61. The state may contract public debt in an amount not to exceed \$45,400,000 \$59,500,000 for this purpose. \$54,800,000

History: 1971 c. 42; 1971 c. 100 s. 23; 1971 c. 125, 211, 215, 236, 307, 330, 336; 1973 c. 90 ss. 148 to 149m, 555m (2); 1973 c. 333; 1975 c. 26, 39, 40, 41, 200, 224, 422; 1977 c. 4, 6; 1977 c. 29 ss. 385 to 387, 1650m (4), 1656 (43); 1977 c. 418; 1979 c. 4; 1979 c. 34 ss. 675a to 677v, 2102 (6) (a), (39) (a), (52) (a); 1979 c. 107, 221; 1981 c. 1 ss. 17, 18, 47; 1981 c. 20, 108, 317, 336; 1983 a. 27; 1983 a. 36 s. 96 (4); 1983 a. 97, 192, 195, 212; 1983 a. 410 s. 2202 (2); 1985 a. 6; 1985 a. 8 ss. 4, 12; 1985 a. 29 ss. 589m to 598, 3202 (23) (c), (26) (a), (53) (a); 1985 a. 77, 120, 332; 1987 a. 27, 295, 298, 399, 403, 409; 1989 a. 31, 46, 107, 122, 219, 336, 359, 366; 1991 a. 39, 51, 269, 309, 324; 1993 a. 2, 16, 98, 115, 213, 343, 377, 413, 437, 453, 485; 1995 a. 27 ss. 1159 to 1168s, 9126 (19), 9145 (1); 1995 a. 40, 57, 60, 113; 1995 a. 216, s. 30m and 9127; 1995 a. 227, 246, 372, 388, 416, 452; 1997 a. 27, 35, 61, 164, 237, 252; 1999 a. 4, 9, 46; 1999 a. 150 s. 672; 1999 a. 184; 2001 a. 12, 16, 103, 109; 2003 a. 33, 64, 91, 129; 2005 a. 1, 22, 25, 102, 300; 2007 a. 5; 2007 a. 20 ss. 582 to 597s, 9121 (6) (a); 2007 a. 26; 2009 a. 28, 361.

SECTION 2. 281.58 (12) (a) 1. of the statutes is amended to read:

281.58 (12) (a) 1. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 1. and 2. ~~to 5%~~ ^{is 55% ~~80%~~ ^{percent}} of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for a biennium before the 2009-11

1 ~~biennium and 60% of market interest rate for projects for which the subsidy is~~
2 ~~allocated from the amount under s. 281.59 (3e) (b) for the 2009-11 biennium or later.~~✓

History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 672; 2001 a. 16, 104; 2005 a. 25, 347; 2009 a. 28.

3 **SECTION 3.** 281.58 (12) (a) 2. of the statutes is repealed.✓

4 **SECTION 4.** 281.58 (12) (a) 3. of the statutes is repealed.✓

5 **SECTION 5.** 281.58 (12) (f) of the statutes is amended to read:

6 281.58 (12) (f) The department and the department of administration jointly
7 may request the joint committee on finance to take action under s. 13.101 (11) to
8 modify the percentage of market interest rates rate established in par. (a) 1. ~~to 3.~~✓

History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 672; 2001 a. 16, 104; 2005 a. 25, 347; 2009 a. 28.

9 **SECTION 6.** 281.59 (3e) (b) 1. of the statutes is amended to read:

10 281.59 (3e) (b) 1. Equal to \$134,900,000 ~~\$54,400,000~~ during the 2009-11
11 2011-13 biennium.✓

History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 374, 672; 2001 a. 16; 2003 a. 33; 2005 a. 25; 2007 a. 20; 2009 a. 28.

12 **SECTION 7.** 281.59 (3e) (b) 3. of the statutes is amended to read:

13 281.59 (3e) (b) 3. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13
14 biennium.✓

History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 374, 672; 2001 a. 16; 2003 a. 33; 2005 a. 25; 2007 a. 20; 2009 a. 28.

15 **SECTION 8.** 281.59 (3e) (d) of the statutes is amended to read:

16 281.59 (3e) (d) The department may expend, for financial assistance in a
17 biennium other than financial hardship assistance under s. 281.58 (13) (e), an
18 amount up to 85% ^{2 percent} ~~95%~~ of the amount approved by the legislature under par. (b). The
19 department may expend such amount only from the percentage of the amount
20 approved under par. (b) that is not available under par. (e) for financial hardship
21 assistance.✓

History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 374, 672; 2001 a. 16; 2003 a. 33; 2005 a. 25; 2007 a. 20; 2009 a. 28.

22 **SECTION 9.** 281.59 (3e) (e) of the statutes is amended to read:

1 281.59 (3e) (e) The department may expend, for financial hardship assistance,
2 other than federal financial hardship assistance grants under s. 281.58 (13) (be), in
3 a biennium under s. 281.58 (13) (e), an amount up to 15% ^{5 percent} ~~5%~~ of the amount approved
4 by the legislature under par. (b) for that biennium. The department may expend such
5 amount only from the percentage of the amount approved by the legislature under
6 par. (b) that is not available under par. (d) for financial assistance.✓

History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 374, 672; 2001 a. 16; 2003 a. 33; 2005 a. 25; 2007 a. 20; 2009 a. 28.

7 **SECTION 10.** 281.59 (3s) (b) 1. of the statutes is amended to read:

8 281.59 (3s) (b) 1. Equal to ~~\$17,600,000~~ \$48,300,000 during the ~~2009-11~~
9 2011-13 biennium.✓

History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 374, 672; 2001 a. 16; 2003 a. 33; 2005 a. 25; 2007 a. 20; 2009 a. 28.

10 **SECTION 11.** 281.59 (3s) (b) 2. of the statutes is amended to read:

11 281.59 (3s) (b) 2. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13
12 biennium.✓

History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 374, 672; 2001 a. 16; 2003 a. 33; 2005 a. 25; 2007 a. 20; 2009 a. 28.

13 **SECTION 12.** 281.59 (4) (f) of the statutes is amended to read:

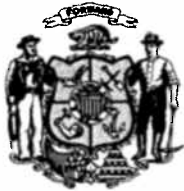
14 281.59 (4) (f) Revenue obligations may be contracted by the building
15 commission when it reasonably appears to the building commission that all
16 obligations incurred under this subsection, and all payments under an agreement or
17 ancillary arrangement entered into under s. 18.55 (6) with respect to revenue
18 obligations issued under this subsection, can be fully paid on a timely basis from
19 moneys received or anticipated to be received. Revenue obligations issued under this
20 subsection for the clean water fund program shall not exceed \$2,363,300,000

- 1 \$2,716,300,000 in principal amount, excluding obligations issued to refund
- 2 outstanding revenue obligation notes.

History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 374, 672; 2001 a. 16; 2003 a. 33; 2005 a. 25; 2007 a. 20; 2009 a. 28.

3

(END)



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-1033/1
RNK:nwn:rs

DOA:.....Steinmetz, BB0225 - Environmental improvement fund funding
and clean water fund program changes

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

In
1/21

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don't gen.
AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

Under the Clean Water Fund Program, this state provides financial assistance for projects for controlling water pollution, including sewage treatment plants. One form of financial assistance provided under the Clean Water Fund Program is a loan at a subsidized interest rate.

Under current law, the interest rate for projects that are necessary to prevent a municipality from exceeding a pollution limit in its wastewater discharge permit is ~~55~~ percent of the market interest rate, which is the interest rate on bonds issued by the state for the Clean Water Fund Program. The interest rate for projects for the treatment of nonpoint source pollution and urban storm water runoff is 65 percent of the market interest rate and the interest rate for projects for unsewered municipalities is 70 percent of the market interest rate. This bill changes the interest rate for all of these kinds of projects to 80 percent of the market interest rate.

The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the Clean Water Fund Program during that fiscal biennium. This bill sets the present value of the Clean Water Fund Program subsidies that may be provided during the 2011-13 biennium at \$54,400,000. The

60
60✓

bill also increases the revenue bonding authority for the Clean Water Fund Program by \$353,000,000.

Another form of financial assistance that this state provides under the Clean Water Fund Program is financial hardship assistance. A municipality is eligible for this type of assistance based on the median household income of the municipality. Current law limits the amount that this state may provide in the form of financial hardship assistance to 15 percent of the total Clean Water Fund Program present value subsidy in a fiscal biennium. This bill changes the percentage to 5 percent.

Under the Safe Drinking Water Loan Program, this state provides loans to local governmental units for projects for the construction or modification of public water systems. The loans are provided at subsidized interest rates. The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the Safe Drinking Water Loan Program during that fiscal biennium. This bill sets the present value of the Safe Drinking Water Loan Program subsidies that may be provided during the 2011-13 biennium at \$48,300,000. The bill also increases the general obligation bonding authority for the Safe Drinking Water Loan Program by \$9,400,000.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.866 (2) (td) of the statutes is amended to read:

20.866 (2) (td) *Safe drinking water loan program.* From the capital improvement fund, a sum sufficient to be transferred to the environmental improvement fund for the safe drinking water loan program under s. 281.61. The state may contract public debt in an amount not to exceed ~~\$45,400,000~~ \$54,800,000 for this purpose.

SECTION 2. 281.58 (12) (a) 1. of the statutes is amended to read:

281.58 (12) (a) 1. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 1. ~~and 2. to 5. is 55% 80 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3c) (b) for a biennium before the 2009-11 biennium and 60% of market interest rate for projects for which the subsidy~~

1 is allocated from the amount under s. 281.59 (3e) (b) for the 2009-11 biennium or
2 later.

3 **SECTION 3.** 281.58 (12) (a) 2. of the statutes is repealed.

4 **SECTION 4.** 281.58 (12) (a) 3. of the statutes is repealed.

5 **SECTION 5.** 281.58 (12) (f) of the statutes is amended to read:

6 281.58 (12) (f) The department and the department of administration jointly
7 may request the joint committee on finance to take action under s. 13.101 (11) to
8 modify the percentage of market interest rates rate established in par. (a) 1. to 3.

9 **SECTION 6.** 281.59 (3e) (b) 1. of the statutes is amended to read:

10 281.59 (3e) (b) 1. Equal to ~~\$134,900,000~~ \$54,400,000 during the 2009-11
11 2011-13 biennium.

12 **SECTION 7.** 281.59 (3e) (b) 3. of the statutes is amended to read:

13 281.59 (3e) (b) 3. Equal to \$1,000 for any biennium after the 2009-11 2011-13
14 biennium.

15 **SECTION 8.** 281.59 (3e) (d) of the statutes is amended to read:

16 281.59 (3e) (d) The department may expend, for financial assistance in a
17 biennium other than financial hardship assistance under s. 281.58 (13) (e), an
18 amount up to ~~85%~~ 95 percent of the amount approved by the legislature under par.
19 (b). The department may expend such amount only from the percentage of the
20 amount approved under par. (b) that is not available under par. (e) for financial
21 hardship assistance.

22 **SECTION 9.** 281.59 (3e) (e) of the statutes is amended to read:

23 281.59 (3e) (e) The department may expend, for financial hardship assistance,
24 other than federal financial hardship assistance grants under s. 281.58 (13) (be), in
25 a biennium under s. 281.58 (13) (e), an amount up to ~~15%~~ 5 percent of the amount

insert
3-4

1 approved by the legislature under par. (b) for that biennium. The department may
2 expend such amount only from the percentage of the amount approved by the
3 legislature under par. (b) that is not available under par. (d) for financial assistance.

4 **SECTION 10.** 281.59 (3s) (b) 1. of the statutes is amended to read:

5 281.59 (3s) (b) 1. Equal to \$17,600,000 \$48,300,000 during the ~~2009-11~~
6 2011-13 biennium.

7 **SECTION 11.** 281.59 (3s) (b) 2. of the statutes is amended to read:

8 281.59 (3s) (b) 2. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13
9 biennium.

10 **SECTION 12.** 281.59 (4) (f) of the statutes is amended to read:

11 281.59 (4) (f) Revenue obligations may be contracted by the building
12 commission when it reasonably appears to the building commission that all
13 obligations incurred under this subsection, and all payments under an agreement or
14 ancillary arrangement entered into under s. 18.55 (6) with respect to revenue
15 obligations issued under this subsection, can be fully paid on a timely basis from
16 moneys received or anticipated to be received. Revenue obligations issued under this
17 subsection for the clean water fund program shall not exceed ~~\$2,363,300,000~~
18 \$2,716,300,000 in principal amount, excluding obligations issued to refund
19 outstanding revenue obligation notes.

20 (END)

**2011-2012 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1033/2ins.
RNK:.....

INSERT ANALYSIS

is 80 percent or less than the state median household income[✓] and if the estimated total annual charges per residential user that relate to wastewater treatment would exceed 2 percent of the median household income in the municipality without financial assistance.[✓]

INSERT 3-4

SECTION 1. 281.58 (12) (a) 1. of the statutes is amended to read:

281.58 (12) (a) 1. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 1. and 2. is ~~55%~~ 60 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for a biennium before the ~~2009-11~~ 2011-13 biennium and ~~60%~~ 80 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for the ~~2009-11~~ 2011-13 biennium or later.[✓]

History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 672; 2001 a. 16, 104; 2005 a. 25, 347; 2009 a. 28.

SECTION 2. 281.58 (12) (a) 2. of the statutes is amended to read:

281.58 (12) (a) 2. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 5. is ~~65%~~ 65 percent of market interest rate for a biennium before the 2011-13 biennium and 80 percent of market interest rate for the 2011-13 biennium or later.[✓]

History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 672; 2001 a. 16, 104; 2005 a. 25, 347; 2009 a. 28.

SECTION 3. 281.58 (12) (a) 3. of the statutes is amended to read:

281.58 (12) (a) 3. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 4. is ~~70%~~ 70 percent of market interest rate for a biennium before the 2011-13 biennium and 80 percent of market interest rate for the 2011-13 biennium or later.[✓]

History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 672; 2001 a. 16, 104; 2005 a. 25, 347; 2009 a. 28.

Kite, Robin

From: Steinmetz, Jana D - DOA [Jana.Steinmetz@Wisconsin.gov]

Sent: Wednesday, January 26, 2011 5:37 PM

To: Kite, Robin

Subject: EIF draft 1033/2

Robin,

Just a couple of minor issues for clarification from EIF staff. Can you replicate the language in section 2 of the draft (the highlighted section below) in sections 3 and 4? Let me know if that does or does not make sense to you.

SECTION 2. 281.58 (12) (a) 1. of the statutes is amended to read:

281.58 (12) (a) 1. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 1. and 2. is 60 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium and 80 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for the 2011-13 biennium or later.

→ highlighted language

Thanks,
Jana

1/27/2011

Kite, Robin

From: Steinmetz, Jana D - DOA [Jana.Steinmetz@Wisconsin.gov]

Sent: Thursday, January 27, 2011 1:59 PM

To: Kite, Robin

Subject: RE: EIF 1033/2

Robin,

Sorry. One more change.

Modify s. 281.61 (8) (a) 2.

It currently reads "In any biennium, no local governmental unit may receive more than 25% of the amount established under s. 281.59 (3s)(b) for that biennium".

It should read "In any biennium, no local governmental unit may receive more than 25% of the funding expected to be available for that biennium".

Let me know if you have any questions or concerns.

Thanks,
Jana

From: Steinmetz, Jana D - DOA

Sent: Thursday, January 27, 2011 1:36 PM

To: Kite, Robin - LEGIS

Subject: EIF 1033/2

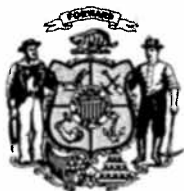
Robin,

In the narrative (page 2, Safe Drinking Water Loan Program) and section 10 (page 4, line 15) of the draft a present value number of \$48,300,000 is referenced. That number should be \$30,700,000.

Thanks,
Jana

- That the department projects -

1/27/2011



(soon)
State of Wisconsin
2011 - 2012 LEGISLATURE



Rm nwn

3

LRB-10332

RNK:nwn:md

DOA:.....Steinmetz, BB0225 - Environmental improvement fund funding
and clean water fund program changes

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

In
1/27

1

don't gen.
AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

Under the Clean Water Fund Program, this state provides financial assistance for projects for controlling water pollution, including sewage treatment plants. One form of financial assistance provided under the Clean Water Fund Program is a loan at a subsidized interest rate.

Under current law, the interest rate for projects that are necessary to prevent a municipality from exceeding a pollution limit in its wastewater discharge permit is 60 percent of the market interest rate, which is the interest rate on bonds issued by the state for the Clean Water Fund Program. The interest rate for projects for the treatment of nonpoint source pollution and urban storm water runoff is 65 percent of the market interest rate and the interest rate for projects for unsewered municipalities is 70 percent of the market interest rate. This bill changes the interest rate for all of these kinds of projects to 80 percent of the market interest rate.

The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the Clean Water Fund Program during that fiscal biennium. This bill sets the present value of the Clean Water Fund Program subsidies that may be provided during the 2011-13 biennium at \$54,400,000. The

bill also increases the revenue bonding authority for the Clean Water Fund Program by \$353,000,000.

Another form of financial assistance that this state provides under the Clean Water Fund Program is financial hardship assistance. A municipality is eligible for this type of assistance if the median household income of the municipality is 80 percent or less than the state median household income and if the estimated total annual charges per residential user that relate to wastewater treatment would exceed 2 percent of the median household income in the municipality without financial assistance. Current law limits the amount that this state may provide in the form of financial hardship assistance to 15 percent of the total Clean Water Fund Program present value subsidy in a fiscal biennium. This bill changes the percentage to 5 percent.

Under the Safe Drinking Water Loan Program, this state provides loans to local governmental units for projects for the construction or modification of public water systems. The loans are provided at subsidized interest rates. The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the Safe Drinking Water Loan Program during that fiscal biennium. This bill sets the present value of the Safe Drinking Water Loan Program subsidies that may be provided during the 2011-13 biennium at ~~\$48,360,000~~ ^{\$30,700,000}. The bill also increases the general obligation bonding authority for the Safe Drinking Water Loan Program by \$9,400,000.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.866 (2) (td) of the statutes is amended to read:

20.866 (2) (td) *Safe drinking water loan program.* From the capital improvement fund, a sum sufficient to be transferred to the environmental improvement fund for the safe drinking water loan program under s. 281.61. The state may contract public debt in an amount not to exceed ~~\$45,400,000~~ \$54,800,000 for this purpose.

SECTION 2. 281.58 (12) (a) 1. of the statutes is amended to read:

281.58 (12) (a) 1. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 1. and 2. is ~~55%~~ 60 percent of market interest rate for projects for which the subsidy is

Insert
Analysis

1 allocated from the amount under s. 281.59 (3e) (b) for a biennium before the ~~2009-11~~
2 2011-13 biennium and ~~60%~~ 80 percent of market interest rate for projects for which
3 the subsidy is allocated from the amount under s. 281.59 (3e) (b) for the ~~2009-11~~
4 2011-13 biennium or later.

5 **SECTION 3.** 281.58 (12) (a) 2. of the statutes is amended to read:

6 281.58 (12) (a) 2. Except as modified under par. (f) and except as restricted by
7 sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 5. is ~~65%~~
8 65 percent of market interest rate for a biennium before the 2011-13 biennium and
9 80 percent of market interest rate for the 2011-13 biennium or later.✓

10 **SECTION 4.** 281.58 (12) (a) 3. of the statutes is amended to read:

11 281.58 (12) (a) 3. Except as modified under par. (f) and except as restricted by
12 sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 4. is ~~70%~~
13 70 percent of market interest rate for a biennium before the 2011-13 biennium and
14 80 percent of market interest rate for the 2011-13 biennium or later.✓

15 **SECTION 5.** 281.58 (12) (f) of the statutes is amended to read:

16 281.58 (12) (f) The department and the department of administration jointly
17 may request the joint committee on finance to take action under s. 13.101 (11) to
18 modify the percentage of market interest rates rate established in par. (a) 1. to ~~3.~~

19 **SECTION 6.** 281.59 (3e) (b) 1. of the statutes is amended to read:

20 281.59 (3e) (b) 1. Equal to ~~\$134,900,000~~ \$54,400,000 during the ~~2009-11~~
21 2011-13 biennium.

22 **SECTION 7.** 281.59 (3e) (b) 3. of the statutes is amended to read:

23 281.59 (3e) (b) 3. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13
24 biennium.

25 **SECTION 8.** 281.59 (3e) (d) of the statutes is amended to read:

for projects for which the subsidy is allocated from
the amount under s. 281.59 (3e) (b)✓

1 281.59 (3e) (d) The department may expend, for financial assistance in a
2 biennium other than financial hardship assistance under s. 281.58 (13) (e), an
3 amount up to ~~85%~~ 95 percent of the amount approved by the legislature under par.
4 (b). The department may expend such amount only from the percentage of the
5 amount approved under par. (b) that is not available under par. (e) for financial
6 hardship assistance.

7 **SECTION 9.** 281.59 (3e) (e) of the statutes is amended to read:

8 281.59 (3e) (e) The department may expend, for financial hardship assistance,
9 other than federal financial hardship assistance grants under s. 281.58 (13) (be), in
10 a biennium under s. 281.58 (13) (e), an amount up to ~~15%~~ 5 percent of the amount
11 approved by the legislature under par. (b) for that biennium. The department may
12 expend such amount only from the percentage of the amount approved by the
13 legislature under par. (b) that is not available under par. (d) for financial assistance.

14 **SECTION 10.** 281.59 (3s) (b) 1. of the statutes is amended to read:

15 281.59 (3s) (b) 1. Equal to \$17,600,000 ~~\$48,300,000~~ during the ~~2009-11~~
16 2011-13 biennium. ✓ \$ 30,700,000

17 **SECTION 11.** 281.59 (3s) (b) 2. of the statutes is amended to read:

18 281.59 (3s) (b) 2. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13
19 biennium.

20 **SECTION 12.** 281.59 (4) (f) of the statutes is amended to read:

21 281.59 (4) (f) Revenue obligations may be contracted by the building
22 commission when it reasonably appears to the building commission that all
23 obligations incurred under this subsection, and all payments under an agreement or
24 ancillary arrangement entered into under s. 18.55 (6) with respect to revenue
25 obligations issued under this subsection, can be fully paid on a timely basis from

1 moneys received or anticipated to be received. Revenue obligations issued under this
2 subsection for the clean water fund program shall not exceed ~~\$2,363,300,000~~
3 \$2,716,300,000 in principal amount, excluding obligations issued to refund
4 outstanding revenue obligation notes.

5 (END)

INSERT
5-4 →

**2011-2012 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1033/3ins.
RNK:.....

INSERT ANALYSIS

Under current law, ^{DNR}~~DOA~~ is required to establish a funding list for each fiscal year that ranks projects under the Safe Drinking Water Loan Program for which a local governmental unit has submitted an application for financial assistance. Under current law, in any fiscal biennium, a local governmental unit may not receive more than 25 percent of the amount of the present value of the Safe Drinking Water Loan Program subsidies established for that biennium. This bill changes that limit to not more than 25 percent of the funds that DOA projects will be available for financial assistance under the Safe Drinking Water Loan Program for that biennium.

1

INSERT 5-4

2

✓
SECTION 1. 281.61 (8) (a) 2. of the statutes is amended to read:

3

281.61 (8) (a) 2. In any biennium, no local governmental unit may receive more

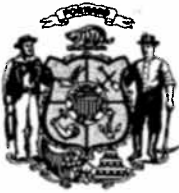
4

than 25% of the amount established under s. 281.59 (3s) (b) funds that the

5

department of administration projects will be available for that biennium.

History: 1997 a. 27; 1999 a. 9; 2001 a. 16; 2005 a. 25, 159; 2009 a. 217.



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-1033/3
RNK:nwn:rs

DOA:.....Steinmetz, BB0225 - Environmental improvement fund funding
and clean water fund program changes

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

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ENVIRONMENT

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bill also increases the revenue bonding authority for the Clean Water Fund Program by \$353,000,000.

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Under current law, DNR is required to establish a funding list for each fiscal year that ranks projects under the Safe Drinking Water Loan Program for which a local governmental unit has submitted an application for financial assistance. Under current law, in any fiscal biennium, a local governmental unit may not receive more than 25 percent of the amount of the present value of the Safe Drinking Water Loan Program subsidies established for that biennium. This bill changes that limit to not more than 25 percent of the funds that DOA projects will be available for financial assistance under the Safe Drinking Water Loan Program for that biennium.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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8 2011-13 biennium and ~~60%~~ 80 percent of market interest rate for projects for which
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15 the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium and
16 80 percent of market interest rate for projects for which the subsidy is allocated from
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21 70 percent of market interest rate for projects for which the subsidy is allocated from
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8 281.59 (3e) (b) 3. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13
9 biennium.

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13 amount up to ~~85%~~ 95 percent of the amount approved by the legislature under par.
14 (b). The department may expend such amount only from the percentage of the
15 amount approved under par. (b) that is not available under par. (e) for financial
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21 approved by the legislature under par. (b) for that biennium. The department may
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2011-13 biennium.

SECTION 11. 281.59 (3s) (b) 2. of the statutes is amended to read:

281.59 **(3s)** (b) 2. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13 biennium.

SECTION 12. 281.59 (4) (f) of the statutes is amended to read:

281.59 (4) (f) Revenue obligations may be contracted by the building commission when it reasonably appears to the building commission that all obligations incurred under this subsection, and all payments under an agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to revenue obligations issued under this subsection, can be fully paid on a timely basis from moneys received or anticipated to be received. Revenue obligations issued under this subsection for the clean water fund program shall not exceed ~~\$2,363,300,000~~ \$2,716,300,000 in principal amount, excluding obligations issued to refund outstanding revenue obligation notes.

SECTION 13. 281.61 (8) (a) 2. of the statutes is amended to read:

281.61 (8) (a) 2. In any biennium, no local governmental unit may receive more than 25% of the ~~amount established under s. 281.59 (3c) (b)~~ funds that the department of administration projects will be available for that biennium.

(END)